REVENUE ESTIMATING CONFERENCE
May 19, 2014

Legislative Fiscal Office
State Revenue Forecast
(millions of $)

	FY13	FY14	FY15	FY16	FY17	FY18
Total Tax Revenue	$10,233	$10,420	$10,618	$10,831	$11,140	$11,425
Less Dedications	($1,956)	($2,131)	($1,974)	($2,334)	($2,003)	($2,031)
SGF Revenue	$8,278	$8,289	$8,644	$8,497	$9,137	$9,394
Change From REC, Jan		($27)	$26	$12	$150	$220
Change From LFO, Jan		$26	$32	($48)	($122)	($175)
Yr/Yr SGF Change	$212	$11	$355	($147)	$640	$257
Yr/Yr % Change	2.6%	0.1%	4.3%	-1.7%	7.5%	2.8%
Yr/Yr Total Tax Change	$293	$187	$198	$213	$309	$285
Yr/Yr % Change	3.0%	1.8%	1.9%	2.0%	2.9%	2.6%

The table above requires explanation for two issues to understand the estimates depicted. The FY15 SGF figure of $8,644 million is not comparable to the FY14 figure of $8,289 million. In FY15, hospital lease payments, Go Zone bond reimbursements, and LA1 toll revenue are included in total tax revenue but are not allocated to a dedicated purpose, as they are in FY14 (no LA1 toll revenue is included in FY14, but is only a small amount). Thus, the change in SGF forecast between FY14 to FY15 is overstated. In addition, the FY16 SGF drop from FY15 reflects a $356 million diversion of mineral revenue into the Budget Stabilization Fund required by Act 420 of 2013. This is a one-time event; consequently, SGF makes a large bounce back in FY17. By FY18, normal growth is depicted on a comparable treatment and SGF component basis.

The national recession and large tax cuts hit FY10 in a big way (22.7% SGF drop) but a relatively strong bounce-back occurred in FY11 (8.3% SGF rise). Revenue growth slowed in FY12 (3.8%), and would have grown only about 1.4% without late year surprises in corporate collections and GOZone bond repayments. While FY13 had its own late year surprises that resulted in collections exceeding forecasts, the year ultimately finished with even slower SGF revenue growth of only 2.6%. So far in FY14, the major revenue sources of sales tax, income tax, and mineral revenue are once again growing weakly or lagging behind prior year, but much of this weakness has already been anticipated. However, corporate taxes and a few other revenues such as premium taxes are performing well. Overall, and the forecast baseline for FY14 – FY16 are only modestly boosted, before significant upgrades occur for FY17 – FY18.

Forecast risks are probably evenly weighted between the upside and the downside. Both income tax and sales tax have been anemic this fiscal year, but forecast growth rates are very modest. These revenues would have to ground to a near halt to undershoot their forecasts. The corporate tax forecast has improved materially as base collections may finally be responding to conditions conducive to returning this tax to a more normal level. However, suppressed collections resulting from amnesty are still a concern. Mineral prices are always risky to project, but have been fairly stable for some time. Various other receipts have been revised upward and downward, and the final bottom line change to the general fund forecast is fairly modest in FY14 – FY16, with more substantial revisions appearing in FY17 – FY18 as growth in the major revenue of sales tax and income tax gradually improves.

Oil and Gas Price Forecast

	FY13	FY14	FY15	FY16	FY17	FY18
Oil, $/bbl	$109.18	$100.14	$92.44	$94.06	$98.19	$98.79
Change From REC, Jan		$0.34	($3.36)	($1.83)	$3.20	$3.89
Change From LFO, Jan		$3.93	$2.48	$1.69	$2.31	$1.58
Gas, $/mmbtu	$3.45	$4.12	$4.10	$3.82	$3.86	$3.93
Change From REC, Jan		$0.29	$0.06	($0.35)	($0.45)	($0.54)
Change From LFO, Jan		$0.60	$0.72	$0.28	$0.15	$0.03
Gas Sev. Tax, ¢/mcf	$0.148	$0.118	$0.163	$0.161	$0.159	$0.167

Oil prices experienced a wild ride up to nearly $150/bbl in mid-2008 and then sharply down to nearly $30/bbl in late 2008. They climbed out of that trough through 2010 and have been relatively stable (for oil prices), cycling around $100/bbl - $115/bbl for much of the time since then. Louisiana price benchmarks (Empire and St. James) have averaged about $105/bbl during FY14, but have dipped into the mid-$90s at times. Price forecasts are based on an average of West Texas Intermediate projections by Moody's Analytics and the Energy Information Administration, and Louisiana spot price projection of the State Department of Natural Resources.

Natural gas prices have languished under the weight of the sluggish national economic recovery and the development of large shale formation reserves in Louisiana and around the country. The Louisiana (Henry Hub) price averaged only $3.45/mmbtu during FY13, but has moved higher to $4.21/mmbtu in FY14, albeit, largely due to the extreme cold weather experienced by much of the country in the winter months. However, as the winter heating season has ended, prices have stayed around $4.50, reflecting the gradual strengthening of the U.S. economy. Price forecasts are an average of forecasts as above, and still remain modest.

Mineral revenue forecasts are recommended at substantial downgrade from the FY14 official forecast, with downgrade also to both the FY15 and FY16 baseline as price projections soften in those years before stepping back up in FY17 and FY18. S**everance** taxes finished slightly down in FY13 but were somewhat better than expected. Year-to-date performance in FY14 is behind prior year. It will be difficult for receipts at current levels to best the monthly receipts in the last two months of last fiscal year and the accrual period. **Royalty** collections also finished FY13 down but still somewhat better than expected and performed well in the first half of FY14. However, they have fallen behind in each month since December, the current official forecast seems unlikely to be achieved.

Severance and Royalty Forecast

(millions of $)

	FY13	FY14	FY15	FY16	FY17	FY18
Severance & Royalty	$1,342	$1,275	$1,295	$1,300	$1,346	$1,358
Change From REC, Jan		($100)	($44)	($15)	$48	$69
Change From LFO, Jan		($55)	$12	($0)	$3	($5)

Severance tax collections have not been as strong as they could have been in recent years due to substantial tax exemptions associated with horizontal drilling (primarily natural gas) and re-entry wells and deep wells (primarily oil). Starting with October 2009, much larger than usual severance tax refunds (associated with tax exempt production) have been made virtually every month. This step-up in refunds has been controlled for in the forecasts since they began to occur, and continuance into the forecast horizon results in a substantial drag on the severance tax forecast baseline. While twenty-four month 100% exemption periods are steadily expiring for existing horizontal gas wells, adding their production to the severance tax, these wells deplete substantially in their initial production period leaving relatively low volume flows subject to tax. In addition, with the drop off in gas prices from the highs of mid-2008, new horizontal gas drilling has slowed dramatically and production has dropped over 47% from peak levels achieved in late 2011.

Continuing to exacerbate the effects of exempt production is a large absolute loss of baseline vertical natural gas production subject to the severance tax. Horizontal exempt production was associated with a vertical taxable gas production drop off which has stabilized at about a 34% lower level of production relative to the pre-Haynesville norm. The net loss of taxable gas production is a detriment to the severance tax, but is likely a more material contributor to the weakness in royalty receipts. The vertical gas loss is largely from the south region of the state where state lands and water bottoms are more heavily concentrated. On the positive side is increased oil production (albeit in small quantities) in the northeastern portion of the state from the Brown Dense Shale formation, and from early development of the Tuscaloosa Marine Shale formation across the middle of the state. However, direct mineral revenue will also be foregone from these wells as they will benefit from the horizontal drilling tax exemption in current law. Direct benefit to revenue collections will occur only in the future, and only be material if taxable production accumulates over many wells.

Netting all the influences discussed above, modest year-over-year revenue growth still occurs over the longer term after a dip in receipts during FY14. As usual, both upside and downside risk to the mineral revenue forecast always exists, as these revenues are heavily influenced by commodity prices that can experience dramatic swings.

Sales Tax Forecast

(millions of $)

	FY13	FY14	FY15	FY16	FY17	FY18
General Sales Tax	$2,582	$2,608	$2,666	$2,717	$2,769	$2,822
Change From REC, Jan		($2)	$20	$47	$75	$105
Change From LFO, Jan		($9)	($1)	($1)	($0)	($1)
Vehicle Sales Tax	$356	$369	$377	$385	$394	$403
Change From REC, Jan		$3	($3)	($2)	$1	($5)
Change From LFO, Jan		($20)	($38)	($31)	($20)	($20)

After a sharp drop in FY10 due to the combined effect of tax cuts on business utilities and other purchases and dramatic retrenchment in general household and business spending associated with the national recession, **the general sales tax** rebounded in FY11 with growth of 10.5%. While more modest growth would typically be expected in the second year of recovery, general sales taxes have essentially stalled out in all years since; FY12 1.1% drop, FY13 0.1% rise, FY14 to-date 0.4% rise. With almost any inflation at all, these growth rates translate into actual reductions in real spending by households and businesses in the economy.

FY14 performance has continued to disappoint with year-to-date growth of only 0.4% on a cash month basis. Although growth to-date has been 1.7% on an estimated accrual basis, both the cash month growth and accrual month growth rates to-date have declined over the fiscal year. The current FY14 official forecast requires only 1.1% growth, and seems likely to be achieved. Going forward, growth is currently expected to step up a bit to around 2% per year, double the rate embodied in the current official forecast and adding to the official baseline, but still a very modest growth outlook. Reflecting the absolute size of this revenue source, each 1% point change in growth currently equates to about $26 million of annual tax receipts.

Vehicle sales tax receipts dropped sharply in the recession years of FY09 (9.8% drop) and FY10 (another 19.9% drop), then a sharp rebound occurred in FY11 with 18.7% growth. Strong performance continued in FY12 and FY13, with 10.1% and 10.2% growth, respectively. In FY14, strong growth continued at 11% over the first half of the fiscal year, but has abruptly slowed to half that pace in the second half. The vehicle sales tax forecast is only tweaked relative to the official baseline over the next few years, reflecting modest year-over-year growth over the forecast horizon. With three solid years of vehicle purchases behind us, it seems likely that a lull in purchases will follow for a few years.

Personal Income Tax Forecast

(millions of $)

	FY13	FY14	FY15	FY16	FY17	FY18
Income Tax	$2,754	$2,815	$2,927	$3,055	$3,161	$3,268
Change From REC, Jan		$3	($5)	($53)	($94)	($131)
Change From LFO, Jan		($28)	($13)	$21	$21	$21

FY10 was the trough year for state personal income tax, dropping 25.4% as the U.S. recession hit with full force along with phase-three of the excess itemized deduction giveback, and the expansion of tax brackets, completing the reversal of the Stelly income tax changes. With no additional large tax cuts to be absorbed after FY10, the performance in FY11 was the most normal for income tax in several years; finishing the year with 8.7% growth. However, FY12 slowed materially and finished with only 3.4% growth, and modest growth continued through half of FY13 before jumping up in the filing season to finish at a strong 10.8%. This surprise surge appears to have been the result of taxpayers accelerating income into tax year 2012 to avoid federal tax increases starting in 2013. This is evidenced by fairly normal growth in withholdings of only 5.7%, while payments with returns jumped up sharply in April and May relative to the prior year, finishing with 28% growth for the year.

Collections so far in FY14, through April, are barely growing on a cash basis (+0.8%) but are barely falling on an accrual basis (-.01%). It has proven difficult to best the filing season surge of last year, confirming the one-time shift of income into the 2012 tax year to avoid higher federal taxation starting in 2013. Returns are due in May and more net payments should occur then, and the fiscal year is expected to finish out with a very modest 2.2% growth. This is actually an accomplishment, coming on the heels of such a strong finishing year in FY13, and reflects the fact that there has been underlying employment and income growth in the state. Going forward growth in the income tax should be in the 4% per year range, if not better as the recovery progresses. As with the general sales tax, the absolute size of this revenue source means that each 1% point change in growth equates to the sizable annual amount of about $28 million.

Corporate Tax Forecast

Combined Income & Franchise Tax

(millions of $)

	FY13	FY14	FY15	FY16	FY17	FY18
Corporate Tax	$336	$350	$350	$353	$370	$420
Change From REC, Jan		$70	$82	$63	$116	$175
Change From LFO, Jan		$139	$83	($7)	($104)	($129)

Driven by global economic growth, energy price increases, and U.S. dollar exchange rate declines, corporate collections reached a historical peak in FY07 at $1.052 billion. Collections then dropped by 83% to a low of $175 million in FY10 (excluding amnesty payments) as the 2008-2009 national/global recession took hold, energy prices fell sharply from their mid-2008 peaks, and the phase-out of borrowed capital from the franchise tax base nearly completed. Collections rebounded somewhat in FY11 and FY12 as national/global economies recovered, oil prices rebounded back to $100/bbl levels, and the dollar exchange rate moved even lower. An increase in FY13 seemed likely, as well, until the close out of the year’s books recognized large refunds that reduced net collections to below the prior year.

For the first half of FY14, story for this tax was dominated by the latest amnesty program (Act 421 of 2013). Removing amnesty collections from the total receipts to-date results in only $20 million collected through December, compared to $126 million in the same six months of the prior year. This poor tracking performance led to a downgrade to the FY14 forecast at the January REC. Collections have rebounded in February, March, and April, and even though refunds are nearly 16% greater, year-to-date net collections are now $283 million through April; greater than the current official forecast and well ahead of the LFO recommendation of January.

The conditions for sustained growth in this tax have seemed to be in place for some time, but what improvement that has occurred since FY10, albeit with a set back in FY13, has seemed inadequate. A reversal of the January move is recommended at this point. Compared to the prior two years, it won’t take much in the remaining months to achieve the new forecast recommendation, and a substantial upward adjustment to the forecast can occur while still retaining some safety buffer against adverse corporate movements. The lesson that keeps being be reiterated if not learned is that with on-half to two-thirds of tis tax collected in the last months of the fiscal year, monthly collections of this tax don’t tell us a consistent story about what final annual receipts will be. The forecast for FY15 is adjusted up to the same level as for FY14, allowing for some continued base growth, but also recognizing the potential for base payment suppression due to 2013 phase 1 amnesty program. At this point these influences are assumed to offset one another. The tax is flat in FY16, for largely the same reasons, before beginning to show better base growth in FY17 and FY18.

A complicating factor this year and in near-term future years is the latest amnesty program. Amnesties are understood to be largely accelerations of future normal disputed and settlement collections. Thus, these collections in FY14 must be deducted from expected collections in future periods and possibly later in the current fiscal year. A large share of amnesty collections are corporate taxes (84% of this latest program) that must be deducted from the baseline forecast. Further complicating this adjustment is the acceptance of tax credits as allowable payment in the amnesty program. The extinguishment of credits presumably adds to normal collections in the future if and when those credits were going to be presented with tax returns to reduce liabilities or to be rebated in cash by the state. Assumptions have to be made regarding the likelihood, magnitude, and timing of these various components of the corporate tax forecast. High confidence does not exist with regard to the corporate forecast in general, much less with regard to these complicating factors. Thus, amnesty adjustment assumptions simply serve to recognize the affect of the amnesty over the forecast horizon, but cannot themselves be considered accurate assessments of the timing and dollar amount of amnesty effects.

A final complicating factor involving amnesties is the affect of frequently offering them. The latest program is the second one in four years. There is a risk that taxpayer behavior will be modified to anticipate amnesties, resulting in a dampening of normal collections as taxpayers dispute more assessments awaiting an amnesty offering. This may have already occurred. The previous amnesty in 2009-2010 required participants to not dispute the participating issues with the state for the three subsequent tax years. Yet this current amnesty generated nearly as much in collections as the previous amnesty. The current amnesty actually has two more annual phases associated with it. While not as lucrative to participation as the 2013 phase, taxpayers may anticipate and even advocate for better terms being enacted for phases two and three. A bill in the current session (HB 663) is doing that. In addition, with some anticipation of amnesty receipts budgeted in advance, in both FY14 and FY15, the Revenue Department is given incentives to negotiate assessment amounts to garner sufficient amnesty participation to meet the budget targets. Both of these incentives could work to suppress normal collections and to divert them to the amnesty program. For a wide variety of reasons caution in the corporate forecast should be exercised, and only a slow return to a “normal” level be anticipated.

Gaming Revenue Forecast

(millions of $)

	FY13	FY14	FY15	FY16	FY17	FY18
All Gaming	$854	$859	$852	$857	$863	$868
Change From REC, Jan		($4)	$0	$3	$6	$9
Change From LFO, Jan		$5	$6	$9	$13	$17

Gaming in general is a fairly stable revenue source, exhibiting sharp movements only when institutional changes occur such as the opening or closing of new venues, changes in tax rates or bases are imposed, or large lottery jackpots occur. However, as discretionary/entertainment spending-based taxes, these receipts are also subject to weakening and strengthening with economic cycles. With respect to riverboat, video poker, and racetrack slots, after falling in the recession year of FY10 (-6.2%), very modest growth has occurred since then, not besting even 1% growth in FY11 – FY13, and running at only +0.5% though Aril 2014. This performance has largely been carried by riverboat. This continues through FY16 before exhibiting some modest growth in FY17 – FY18.

Lottery, with calendar year transfers budgeted in state fiscal years, is more erratic due to the jackpot-driven nature of its play. However, with changes in price points and games offered, it appears that lottery play has stepped up to a somewhat higher level of play and transfers in the last two years (2012 & 2013). Combined with large jackpots in 2013, the transfers in 2013 to support the FY14 budget were $166.4 million. Higher average play without large jackpots assumed, steps up the out year forecasts to the $157 million level.

Excise License Tax Forecast

(millions of $)

	FY13	FY14	FY15	FY16	FY17	FY18
Excise License Tax	$422	$454	$478	$502	$527	$553
Change From REC, Jan		$20	$28	$44	$43	$41
Change From LFO, Jan		$0	($1)	($11)	($18)	($29)

The premium tax has showed considerable strength in FY13, finishing with 15.5% growth, after lackluster years in FY12 (0.4%) and FY11 (2.1%). Last year was boosted by the addition of Bayou Health premiums to the tax base, adding nearly $18 million to collections. Even without that tax base expansion, though, collections grew 10.7%, and strong growth has continued into FY14, as well. Through April, growth has been nearly 20% ahead of a strong prior year, due in part to Bayou Health premium taxes of $30.7 million this fiscal year. All of that is dedicated, though, and is not general fund revenue.

Even forecasting a moderation of this growth based on personal income growth and some premium growth, as well, allows for a substantial increase in the tax forecast for FY14 and an overall raising of the baseline forecast in subsequent years, with continued moderation in the growth rate. This improvement is inclusive of a new tax credit applicable to the tax enacted in 2013 and being realized against the tax through FY17.

General Fund Earnings Forecast

(millions of $)

	FY13	FY14	FY15	FY16	FY17	FY18
Interest Earnings	$64	$38	$38	$38	$38	$38
Change From REC, Jan		($21)	($18)	($14)	($11)	($7)
Change From LFO, Jan		$6	$5	$4	$3	$2

General Fund earnings have fallen a long way from their FY08 peak of $189 million, buoyed by large investable balances built up from the post-Katrina/Rita revenue surge and rising interest rates as the national economy heated up. Since then, investable balances, and especially interest rates have declined dramatically, as have earnings (even offset by capital gains). So far in FY14, earnings are coming in at least one-third lower than prior year. Consequently, a sizable downward adjustment has been made to the current year and baseline projection. Stable receipts are projected for the subsequent years as interest rates begin to rise, with yield gains assumed offset by capital losses until a new trend is exhibited.

Budget Stabilization Fund Litigation Exposure

The State has been in litigation involving use of the Budget Stabilization Fund in the spring of 2010. A continuance of that case was granted by the court until such time that the official results of the statewide election held on October 22, 2011 on a proposed Constitutional Amendment, rewriting portions of the Fund's language, were reported by the secretary of state. That proposed amendment was rejected by the electorate, and the plaintiffs filed a motion for summary judgment in their favor. The Trial Court denied the motion on January 30, 2012 (signed February 28, 2012). Plaintiffs then filed a Notice of Intent to seek Supervisory Writs with the First Circuit Court of Appeals, and the State filed an Opposition. The Writ Application was denied by the Appeals Court, and the case remains in the District Court. The District court trial of this suit was set for December 10, 2012. However, a Joint Motion To Continue Trial requesting a continuance of the trial until January or February of 2013 was submitted to the Court on December 6, 2012 and, as a result, the trial has been delayed to a yet to be determined date. In the 2013 session, Act 420 terminated the statutory provisions that have prohibited excess mineral revenue from being diverted to the Fund, effective July 1, 2015 (FY16 effect). Under this current law provision, the current exposure to the state general fund forecast in FY16 is approximately $358 million; the difference between the severance and royalty forecast for FY16 ($1.300 billion) and the fund deposit threshold of $850 million plus the parish severance and royalty allocation forecasts ($942 million). That exposure is affected by actual mineral revenue collections in FY16, and the maximum actual balance in FY16. Without deposits of withdrawals, the exposure declines by about $2 million per year as interest earnings add to the actual balance. The maximum balance of the fund is recalculated by the treasury each year, and can have much larger affects on exposure; adding $24 million to that exposure in FY14. In addition, in the current session, HB 1094, the supplemental appropriations bill for FY14 contains $25 million for deposit into the Fund, and the general appropriations bill contains $11 million for this. To the extent deposits such as these are made, the balance to be deposited in a later year is reduced.

In the current 2014 session, HB 1026 changes the current law provisions regarding deposits to this fund. Should this bill be enacted as currently written, the statutory provisions that have prohibited excess mineral revenue from being diverted to the Fund are terminated on July 1, 2017 (FY18 effect) two years later than under current law. This shifts the balance obligation back to FY18, but pursuant to HB 1026, requires deposits of at least $25 million per year or 25% of designated nonrecurring money in FY15, FY16, and FY17 until the balance is deposited in FY18. That balance may be around $280 million by then, subject to the various thresholds and calculations discussed above. While the language requires the annual deposits from "any" source, in the absence of specific financing sources these deposits should be considered effectively general fund dedications to the Budget Stabilization Fund. None of these provisions are current law though, and should not be incorporated into the official forecasts until HB 1026 has been enacted. In addition, HB 1026 provides for financing the deposit of the balance amount with the proceeds of the Deepwater Horizon litigation. These proceeds are made available for this purpose until July 1, 2024, and would eliminate the general fund exposure to this statutory obligation should those proceeds be received prior before or in FY18. However, no trial date has yet been set for this litigation, and even upon enactment of HB 1026 this FY18 balance obligation is a general fund exposure until such time as those proceeds are received, up to July 1, 2024.

Finally, the effective exposure is determined by how much excess mineral revenue is collected relative to the maximum exposure. Should mineral revenue receipts fall materially, the state's exposure is reduced, but less revenue is available to support the operating budget. Should resources be allocated to the Fund by FY16 under current law (or by FY18 under the proposed law of HB 1026), whatever exposure exists will be made that much smaller. The maximum exposure estimate of $358 million is incorporated into the forecast recommendation for FY16 under the provisions of current law.

Existing Dedication Triggers

The existing **New Opportunities Waiver Fund (NOW)** is calculated at the end of each fiscal year for that year's dedication amount. For example, the calculation for FY13 was based upon the last forecast made for FY13 (May 2013) compared to the forecast for FY13 in place when the fiscal year began (April 2012). If there is an increase between these two forecasts, twelve percent of the increase would be allocated to the NOW fund (a maximum of $50 million can be allocated). No allocation was made from FY13 revenue. Thus, at the end of the fiscal year is it known whether any amount of that fiscal year's receipts will be allocated to the fund. To allocate the entire $50 million maximum amount would require an increase in forecasts of over $416 million.

Act 11 of 2008ES2 phases in a **dedication of vehicle sales tax receipts** to the Transportation Trust Fund. To activate this dedication requires that general fund forecasts exceed $9.703 billion (the May 9, 2008 forecast for FY09). Once that occurs, the dedication would start at the phase-in level provided by the dedication statute (FY09 10%, FY10 20%, FY11 30%, FY12 50%, FY13 75%, FY14 85%, and FY15 and beyond 100%). The current revenue outlook does not provide for this dedication to occur within the forecast horizon (FY14 - FY18). While this is a low-probability exposure at this time, the triggering of this dedication will likely divert in excess of $400 million of revenue away from the state general fund in a single year, and all subsequent years.

Act 541 of the 2009 regular session, proposing a Constitutional amendment, was adopted by the electorate in November 2010. This amendment **increases the maximum amount of state severance taxes allocated back to the parishes** of severance over a two- year period. In addition, a new dedication of up to $10 million per year is allocated from severance taxes and royalty receipts from state lands in the Atchafalaya Basin. These new allocations occur when the oil & gas severance tax forecast for the "current" fiscal year exceeds the actual severance tax collections for FY09 ($854.7 million). This was first "tested" on April 1, 2012 but no new allocations were made. Subsequent "tests" should occur each April. Under the current severance tax forecast outlook, this allocation will not occur within the forecast horizon. However, dramatic movements in mineral revenues are possible, and should this dedication be triggered a significant diversion of general fund revenue would occur late in a fiscal year or essentially early in the following fiscal year during the accounting closeout period, but after that next year's budget had been established. Estimated potential effects are $35 million in the first year of effectiveness and $60 million per year in subsequent years